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# HOUSE BILL No. 1529

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-32.2.

**Synopsis:** Charity gaming. Authorizes qualified organizations to engage in electronic gaming under the charity gaming laws. Imposes an annual excise tax of 40% of the qualified organization's net proceeds. Specifies the permitted uses of the remaining proceeds.

**Effective:** July 1, 2007.

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**Denbo**

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January 23, 2007, read first time and referred to Committee on Public Policy.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1529

A BILL FOR AN ACT to amend the Indiana Code concerning gaming.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-32.2-1-1, AS ADDED BY P.L.91-2006,  
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2007]: Sec. 1. (a) This article applies only to a qualified  
4 organization.  
5 (b) This article applies only to:  
6 (1) bingo events, charity game nights, door prize events, raffle  
7 events, festivals, and other gaming events approved by the  
8 commission; ~~and~~  
9 (2) the sale of pull tabs, punchboards, and tip boards:  
10 (A) at bingo events, charity game nights, door prize events,  
11 raffle events, and festivals conducted by qualified  
12 organizations; or  
13 (B) at any time on the premises owned or leased by a qualified  
14 organization and regularly used for the activities of the  
15 qualified organization; **and**  
16 (3) **the operation of electronic gaming devices under**  
17 **IC 4-32.2-5.5 at any time on the premises owned or leased by**



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1        **a qualified organization and regularly used for the activities**  
 2        **of the qualified organization.**

3        (c) This article does not apply to:

4        ~~any other~~ **(1) a sale of pull tabs, punchboards, and tip boards; or**

5        **(2) any operation of electronic gaming devices;**

6        **that is not described in subsection (b).**

7        (d) **This article does not apply to any conduct by a person**  
 8        **licensed and authorized to engage in the conduct under IC 4-30,**  
 9        **IC 4-31, or IC 4-33.**

10       SECTION 2. IC 4-32.2-1-3, AS ADDED BY P.L.91-2006,  
 11       SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12       JULY 1, 2007]: Sec. 3. A bingo event, charity game night, door prize  
 13       drawing, **electronic gaming operation**, or raffle is not allowed in  
 14       Indiana unless it is conducted by a qualified organization in accordance  
 15       with this article.

16       SECTION 3. IC 4-32.2-1-5, AS ADDED BY P.L.91-2006,  
 17       SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18       JULY 1, 2007]: Sec. 5. (a) Local governmental authority concerning  
 19       the following is preempted by the state under this article and IC 4-30:

20       (1) All matters relating to the operation of bingo events, charity  
 21       game nights, raffles, **electronic gaming operations**, and door  
 22       prize drawings.

23       (2) All matters relating to the possession, transportation,  
 24       advertising, sale, manufacture, printing, storing, or distribution of  
 25       pull tabs, punchboards, or tip boards.

26       (b) A county, municipality, or other political subdivision of the state  
 27       may not enact an ordinance relating to the commission's operations  
 28       authorized by this article.

29       SECTION 4. IC 4-32.2-2-2, AS ADDED BY P.L.91-2006,  
 30       SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 31       JULY 1, 2007]: Sec. 2. "Allowable event" means:

32       (1) a bingo event;

33       (2) a charity game night;

34       (3) a raffle;

35       (4) a door prize drawing;

36       (5) a festival;

37       (6) a sale of pull tabs, punchboards, or tip boards;

38       **(7) an electronic gaming operation; or**

39       ~~(7)~~ **(8) any other gambling event approved by the commission**  
 40       **under this article;**

41       conducted by a qualified organization in accordance with this article  
 42       and rules adopted by the commission under this article.

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SECTION 5. IC 4-32.2-2-17.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 17.5. "Electronic gaming device" means an electromechanical device, an electrical device, or a machine that:**

- (1) upon payment of consideration is available to play or operate;
- (2) makes payoffs in any manner, including delivery of premiums, merchandise, tokens, redeemable game credits, or anything of value to the person playing the game; and
- (3) is approved by the commission under this article.

SECTION 6. IC 4-32.2-2-17.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 17.7. "Electronic gaming operation" means the conduct of authorized wagering on an electronic gaming device on the premises of a qualified organization licensed under this article.**

SECTION 7. IC 4-32.2-4-1, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. A qualified organization may conduct the following activities in accordance with this article:

- (1) A bingo event.
- (2) A charity game night.
- (3) A raffle event.
- (4) A door prize event.
- (5) A festival.
- (6) The sale of pull tabs, punchboards, and tip boards.
- (7) An electronic gaming operation.**

~~(7)~~ **(8)** Any other gambling event approved by the commission.

SECTION 8. IC 4-32.2-4-4, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Each organization applying for a bingo license, a special bingo license, a charity game night license, a raffle license, a door prize drawing license, a festival license, **an electronic gaming operation license**, or a license to conduct any other gambling event approved by the commission must submit to the commission a written application on a form prescribed by the commission.

(b) Except as provided in subsection (c), the application must include the information that the commission requires, including the following:

- (1) The name and address of the organization.
- (2) The names and addresses of the officers of the organization.

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(3) The type of event the organization proposes to conduct.

(4) The location where the organization will conduct the allowable event.

(5) The dates and times for the proposed allowable event.

(6) Sufficient facts relating to the organization or the organization's incorporation or founding to enable the commission to determine whether the organization is a qualified organization.

(7) The name of each proposed operator and sufficient facts relating to the proposed operator to enable the commission to determine whether the proposed operator is qualified to serve as an operator.

(8) A sworn statement signed by the presiding officer and secretary of the organization attesting to the eligibility of the organization for a license, including the nonprofit character of the organization.

(9) Any other information considered necessary by the commission.

(c) This subsection applies only to a qualified organization that conducts only one (1) allowable event in a calendar year. The commission may not require the inclusion in the qualified organization's application of the Social Security numbers of the workers who will participate in the qualified organization's proposed allowable event. A qualified organization that files an application described in this subsection must attach to the application a sworn statement signed by the presiding officer and secretary of the organization attesting that:

(1) the workers who will participate in the qualified organization's proposed allowable event are eligible to participate under this article; and

(2) the organization has not conducted any other allowable events in the calendar year.

SECTION 9. IC 4-32.2-4-16, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) This section applies to a gambling event that is described in neither:

(1) section 1(1) through ~~1(6)~~ 1(7) of this chapter; nor

(2) IC 4-32.2-2-12(b).

(b) The commission may issue a license to conduct a gambling event approved by the commission to a qualified organization upon the organization's submission of an application and payment of a fee determined under IC 4-32.2-6. The license must:

(1) authorize the qualified organization to conduct the gambling

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event at only one (1) time and location; and  
 (2) state the date, beginning and ending times, and location of the  
 gambling event.

(c) The commission may impose any condition upon a qualified  
 organization that is issued a license to conduct a gambling event under  
 this section.

SECTION 10. IC 4-32.2-4-19 IS ADDED TO THE INDIANA  
 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 [EFFECTIVE JULY 1, 2007]: **Sec. 19. (a) The commission may issue  
 an annual electronic gaming operation license to a qualified  
 organization upon the organization's submission of an application  
 and payment of a fee determined under IC 4-32.2-5.5-2.**

**(b) A license issued under this section authorizes a qualified  
 organization to offer wagering on electronic gaming devices at any  
 time on the premises owned or leased by the qualified organization  
 and regularly used for the activities of the qualified organization.**

**(c) The commission may impose any condition upon a qualified  
 organization that is issued a license to conduct an electronic  
 gaming operation under this section.**

**(d) IC 4-32.2-5.5 applies to a qualified organization that is issued  
 a license to conduct an electronic gaming operation under this  
 section.**

SECTION 11. IC 4-32.2-5-4, AS ADDED BY P.L.91-2006,  
 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 JULY 1, 2007]: **Sec. 4. (a) This section does not apply to the gross  
 receipts of an electronic gaming operation conducted by a qualified  
 organization.**

~~(a)~~ **(b)** A qualified organization that receives ninety percent (90%)  
 or more of the organization's total gross receipts from any events  
 licensed under this article is required to donate sixty percent (60%) of  
 its gross charitable gaming receipts less prize payout to a qualified  
 recipient that is not an affiliate, a parent, or a subsidiary organization  
 of the qualified organization.

~~(b)~~ **(c)** For purposes of this section, a veterans' home is not  
 considered to be an affiliate, a parent, or a subsidiary organization of  
 a qualified organization that is a bona fide veterans organization.

SECTION 12. IC 4-32.2-5-6, AS ADDED BY P.L.91-2006,  
 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 JULY 1, 2007]: **Sec. 6. (a) This section does not apply to an  
 electronic gaming operation conducted by a qualified organization.**

~~(a)~~ **(b)** A qualified organization may not conduct more than three (3)  
 allowable events during a calendar week and not more than one (1)

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allowable event each day.

~~(b)~~ (c) Except as provided in IC 4-32.2-4-12, allowable events may not be held on more than two (2) consecutive days.

~~(c)~~ (d) A bona fide civic organization may conduct one (1) additional allowable event during each six (6) months of a calendar year.

SECTION 13. IC 4-32.2-5.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

**Chapter 5.5. Electronic Gaming Operations**

**Sec. 1. A qualified organization holding a license issued under IC 4-32.2-4-19 may offer wagering on electronic gaming devices at any time on the premises owned or leased by the qualified organization and regularly used for the activities of the qualified organization.**

**Sec. 2. The commission shall charge an annual license fee of:**

- (1) five hundred dollars (\$500); multiplied by**
- (2) the number of electronic gaming devices in placed into service in the qualified organization's electronic gaming operation.**

**Sec. 3. A qualified organization may not place into service more than five (5) electronic gaming devices in the qualified organization's electronic gaming operation.**

**Sec. 4. A qualified organization must obtain electronic gaming devices from a manufacturer or distributor licensed under this article.**

**Sec. 5. The maintenance and repair of an electronic gaming device must be conducted by a manufacturer or distributor licensed under this article.**

**Sec. 6. (a) The net proceeds from a qualified organization's electronic gaming operation may be used only for the purposes permitted by this chapter.**

**(b) To determine the net proceeds from an electronic gaming operation in a year, a qualified organization shall subtract the following from the gross receipts received in the year from the electronic gaming operation:**

- (1) An amount equal to the total value of the prizes awarded for wagering on the qualified organization's electronic gaming devices.**
- (2) The sum of the costs incurred in the year to purchase, lease, maintain, or repair the electronic gaming devices placed into service in the electronic gaming operation.**

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(3) An amount equal to the license fees charged to the qualified organization in the year under this chapter.

(4) An amount equal to the advertising expenses incurred by the qualified organization in the year to promote the electronic gaming operation.

Sec. 7. (a) An annual excise tax of forty percent (40%) is imposed on the net proceeds of a qualified organization's electronic gaming operation.

(b) All taxes imposed on a qualified organization under this section shall be remitted to the department at the times and in the manner directed by the department. The department is responsible for all administrative functions related to the receipt of funds under this section.

(c) The department may require each qualified organization to file with the department reports concerning the qualified organization's electronic gaming operation. The department shall prescribe the form of the reports and the information to be contained in the reports.

(d) The department may at any time perform an audit of the books and records of a licensed entity to ensure compliance with this section.

(e) The department shall transfer all taxes collected under this section to the treasurer of state for deposit in the state general fund.

Sec. 8. The net proceeds of a qualified organization's electronic gaming operation remaining after payment of the tax imposed under section 7 of this chapter must be used as follows:

(1) Fifty percent (50%) may be retained for any lawful purpose of the qualified organization.

(2) Fifty percent (50%) may be donated:

(A) to another organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; or

(B) in the form of a scholarship in which the scholarship amount is paid directly to an institution of higher learning on behalf of the recipient student.

Sec. 9. A qualified organization may not possess any gambling device that is not approved by the commission for wagering under this article.

SECTION 14. IC 4-32.2-6-2, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) Except as provided in subsection (b), the

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commission shall establish an initial license fee schedule. However, the license fee that is charged to a qualified organization in the first year that the qualified organization applies for a license may not exceed fifty dollars (\$50).

**(b) The initial license fee for an electronic gaming operation is equal to the amount of the annual fee charged under IC 4-32.2-5.5-2.**

SECTION 15. IC 4-32.2-6-3, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. **(a) This section does not apply to a qualified organization that renews an electronic gaming operation license under IC 4-32.2-5.5.**

**(b)** The license fee that is charged to a qualified organization that renews the license must be based on the total gross revenue of the qualified organization from allowable events and related activities in the preceding year, or, if the qualified organization held a license under IC 4-32.2-4-6, IC 4-32.2-4-7, IC 4-32.2-4-8, IC 4-32.2-4-10, or IC 4-32.2-4-12, the fee must be based on the total gross revenue of the qualified organization from the preceding event and related activities, according to the following schedule:

Class	Gross Revenues		Fee
	At Least	But Less Than	
A	\$ 0	\$ 15,000	\$ 50
B	\$ 15,000	\$ 25,000	\$ 100
C	\$ 25,000	\$ 50,000	\$ 300
D	\$ 50,000	\$ 75,000	\$ 400
E	\$ 75,000	\$ 100,000	\$ 700
F	\$ 100,000	\$ 150,000	\$ 1,000
G	\$ 150,000	\$ 200,000	\$ 1,500
H	\$ 200,000	\$ 250,000	\$ 1,800
I	\$ 250,000	\$ 300,000	\$ 2,500
J	\$ 300,000	\$ 400,000	\$ 3,250
K	\$ 400,000	\$ 500,000	\$ 5,000
L	\$ 500,000	\$ 750,000	\$ 6,750
M	\$ 750,000	\$ 1,000,000	\$ 9,000
N	\$ 1,000,000	\$ 1,250,000	\$ 11,000
O	\$ 1,250,000	\$ 1,500,000	\$ 13,000
P	\$ 1,500,000	\$ 1,750,000	\$ 15,000
Q	\$ 1,750,000	\$ 2,000,000	\$ 17,000
R	\$ 2,000,000	\$ 2,250,000	\$ 19,000
S	\$ 2,250,000	\$ 2,500,000	\$ 21,000
T	\$ 2,500,000	\$ 3,000,000	\$ 24,000



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